

Report submitted by: Councilmember Ikaika Anderson

Workforce Housing- The Missing TOD (transit oriented development) Link

John Warner (Manager Housing Policy, Planning and Development, Portland Development Commission), the moderator of this workshop session, began his overview by stressing the importance of public-private partnerships. Public support initiatives include support via limited tax exemptions over periods of time, and collaborative public-private funded short-term 2nd mortgage construction and bridge loans. Improvements in workforce housing standards of living and the creation of property tax revenue are results that can be achieved through this collaborative partnership.

Renata C. Simril (Senior Vice President for Development, Forest City Enterprises, Los Angeles) presented model projects of Forest City Enterprises. Some of those projects, and their highlights, are:

Tower City Center, Cleveland, OH: (<http://www.towercitycenter.com/index.cfm>)

- * Amphitheatre;
- * 2 hotels;
- * walkways to nearby field and arena;
- * 100+ shops, restaurants;
- * Multi-screen movie theatre

Waterfront Station, Washington, DC: (<http://www.waterfrontstation.com/>)

- * LEED Gold certified;
- * Seven-building mixed-use development of office, retail and residential space;
- * 85,000 square feet of retail space;
- * Accessed via METRO Green line;

Hamil Mill Lofts, Haverhill, MA: (<http://hamelmilllofts.com/>)

- * 80 percent affordable, 20 percent market rate;
- * Affordable at 80 percent of median income

The Uptown Apartments - Oakland, California (<http://www.theuptown.net/index.html>)

- * Public/Private Partnership with city of Oakland;
- * Located within two city blocks of public transit

One of the premier challenges with producing such public-private developments as those mentioned above is the “math not working out,” i.e. rents being too low to make the project pencil. Simril also pointed out that most government subsidies target 60 percent and below median income, as opposed to the 80 percent and below. Rising housing costs are forcing low to moderate income families, i.e. those in our communities’ workforce, out of the urban cores and work centers of our neighborhoods. This results in working families residing farther away from their workplaces and having to deal with long daily commutes.

Public sector strategies include offering shared parking, district public parking, publicly financed parking facilities, land write downs/ground leases being acquired by municipal governments, fee reductions or fee payments upon project completion, real estate tax holidays, revolving loan funds, and additional covenant restrictions placed title deeds. Private sector strategies/incentives include employer assisted housing and maximization of transportation options (i.e. employers providing parking facilities and transportation from said facility to workplace and back to parking facility).

Michael Dieden (President, Creative Housing Associates, Los Angeles) focused on communication and getting messages across in an understandable fashion. He stressed that all developers should first approach neighbors in a personal manner in order to meet them and establish a relationship- it's key to establish a relationship prior to proceeding with a proposed plan for development. It's also essential that the developer allow residents to have an active role in providing input on following plans.

Introduction to Station Area Planning

Presenters included Henry Servin (Rail Program Liaison Manager, Transportation Department, City of San Jose), Bill Byrne (Vice President, Director of Transit Services, David Evans and Associates, Inc. Denver), and James Hnatiuk (Practice Lead, Transportation Planning, CH2M Hill, Burnaby, British Columbia).

The San Jose "Green Building Policy"

(http://www.sanjoseca.gov/clerk/cp_manual/CPM_8_13.pdf) which can be viewed at the provided link, was briefly outlined. San Jose has gone to great lengths to require implementation of LEED Standards in county development.

One goal of transit stations is to utilize world class architecture in facility designs in an effort to construct state of the art multi-modal transportation stations. This is done by designing for architectural excellence in a highly activated mixed use environment that creates that "third place" for area residents. It's also highly recommended that urban planners work with local urban design schools (i.e. University of Hawaii) in facility designs. Transit stations must be carefully designed to maximize visibility, access and safety, as well as to capture redevelopment potential in following years.

Private Investment in TOD: A Lender's Perspective

Idealized Transit Oriented Development includes retail, office, and residential space along with supporting infrastructure to meet the needs of the development. The Federal Transit Administration (FTA) relies on "least cost per passenger mile" as a partial criterion when examining potential mass transit projects, which some opine to be an archaic determination tool. Detractors of using this method point to the fact that the purpose of transit is to achieve the shortest travel distance/time possible, and that the distance to the desired place(s) are not constant but instead vary with the mode of transit (private car, bus, train, etc.). Denser development is permitted in areas that utilize train-type of transportation systems.

TOD includes multilevel retail space (food stores, shopping, etc.), office space and residential space. Some TOD projects, such as Tower City Center in Cleveland, incorporate both full-time residential and transient accommodations in addition to transportation, retail, office and entertainment venues. The Uptown project, located in

Oakland, houses 9,000 square feet of retail space with 665 apartment units in 3 buildings, and is marketed to those at 50 percent or below median income (which falls into the 60 percent and below median income level that most governmental programs target). Investors favor fee simple projects; however, they will often times seriously consider projects with long ground leases.

Not for the Faint of Heart: Affordable Housing TOD Property Acquisition Funds

It was emphasized in this workshop that public money must be “first in”, as affordable housing developers usually do not have significant cash capital on hand to finance the development. It’s also highly recommended that investments be risk tolerant. Focus must be on the results to be achieved as opposed to how to go about meeting those goals. Another focus of this workshop was on TOD revolving funds. The basic premise behind TOD revolving funds, established and managed by a public agency, is that the public entity provides initial monies to securitize the fund and these monies serve as high-risk capital to leverage additional private investment for a project. While there are several variations on this model the underlying principle is the same in that the public funds are “first in, last out”. Although the public monies are anticipated to realize a return on the investment, the return will be disproportionately lower than the returns for the private investment. The advantage that revolving funds provide is that the public monies are an investment as opposed to an outright subsidy.

Value Capture in Today’s Economy

Tax Increment Financing (TIF) was described as a powerful tool which helps to minimize the cost of developing an area by financing parts of the project through future increases in property tax revenue due to the increased property values resulting from the development. The structure of the financing agreement varies depending on the nature of the project but typically involves a public entity (redevelopment authority) and a private developer. A traditional TIF project involves the public entity identifying the area for redevelopment, securing funding for and constructing the necessary infrastructure improvements and repaying the debt on the improvements. In this traditional structure, the developer is simply responsible for the complete build-out of their project.

TIF projects are typically used to promote development in areas where development would not otherwise occur; blighted areas, brownfields, areas with high land acquisition costs where As noted above, the structure of the agreement between the public entity and the developer can vary to meet the needs of the project. Similarly, sources of funding are not limited to bond issuances but can also come in the form of a loan from the general funds of a local government or even from the developer via a “pay as you go” structure.

The TIF structure does help to encourage development while minimizing the impact of the public’s share of project costs on the existing tax base. But it is important to note that the TIF structure does rely on projected returns which are not guaranteed. Further, most TIF programs restrict the increased tax revenue for a set period of years – rather than a set dollar amount. Most TIF programs are administered by a separate development

authority and when the restrictions on the revenue are time-based any revenue received in excess of the outstanding debt remains with the authority.

Developer user and impact fees are intended to defray costs of expanding and extending public services to developmental projects. Likewise, joint development coordination between public and private sectors can be utilized to develop sites that sit on public land near and around transit stations. To be successful, the desire to generate money must be balanced with attainable goals to achieve.

Most value capturing tools rely on new development, as new development maximizes the use of public transit. Most development is near or in downtown, public squares and employment centers. It was stressed that upzoning of land does not always net positive results, and that municipalities must be realistic about the market and value of density. In a U.S. Government Accountability Office study issued in July of this year the impact, effectiveness and returns of various approaches to joint-development projects were evaluated. One of the most important findings of this report is that virtually all joint-development projects do not provide a high rate of return with respect to providing a revenue source to the transit system or respective agency. This report also illustrated some of the difficulties Honolulu will have in trying to determine the best approach to joint-development. Most agencies which engage in joint-development operate older and larger fixed-guideway systems and have developable land holdings. These two key characteristics are absent from Honolulu's system and when coupled with the high demand for developable land, it seems unlikely that Honolulu will be faced with having to entice development or re-development along the alignment of our transit project. However, we will have to work proactively to minimize the inevitable displacement of lower-income residents when re-development takes place.

TOD Marketplace

This workshop allowed attendees to hear from experts who have been involved in large-scale re-development projects from conception to construction. Unlike other TOD workshops, where individual development projects are the focus, this workshop focused on regional re-development and the processes involved in seeing a concept move into construction and, ultimately a successful reality.

Three case studies were presented: Mill District (Vancouver, WA), Hollywood Town Center (Portland, OR) and The Foothills District (Lake Oswego, OR). Of particular interest was the Mill District. It is a 44-block project area and planning for this area is being done concurrent with the planning for expansion of the light rail system. The subject area is currently underdeveloped mainly due to the fact that it is situated between established commercial/financial districts and established residential neighborhoods, leading to a lack of "identity". Assessing the surrounding areas and the community needs and desires, several major themes were identified to create an overall plan which would revitalize this community and create an entirely new and integrated community. By undertaking this type of large-scale regional planning zoning for the area can be adjusted appropriately and a clear roadmap guiding future development is established. The

inherent benefit to this is that developers can look at the area and see where their projects will fit in, rather than trying make their developments fit in an existing community.

City Council
City and County of Honolulu

CLAIM FOR TRAVEL REIMBURSEMENT

Date: December 22, 2010 (Re_____)

Traveler: CM Ikaika Anderson

Event: RailVolution 2010

Location: Portland, Oregon

Dates: From October 18, 2010 To October 21, 2010

Description	Amount	Notes:
1. Registration Fee	\$425.00	Online receipt attached, contingency fund
2. Airfare		
3. Hotel	\$895.50	Online receipt attached, contingency fund
4. Meals	\$77.50	Receipts attached, contingency fund
5. Ground Transportation		
6. Tips	\$67.00	\$8.00 receipt attached food/porterage in/out/maid service
7. Other		
Other		
Other		
8. Adjustment		
TOTAL REIMBURSEMENT	1465	

This is to certify that the above data, based upon receipts submitted to Council Administrative Support Services via a CCLTRVL02 form, is accurate. Further, I am claiming reimbursement for expenses associated with a trip in which City business was conducted and personal funds were used to advance payment:


Signature of Traveler

December 22, 2010

Date